

# CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

BBCN Bancorp

Point of Contact:	Tammy Jang	RSSD: (For Bank Holding Companies)	2961879
UST Sequence Number:	88	Docket Number: (For Thrift Holding Companies)	N/A
CPP/CDCI Funds Received:	122,000,000	FDIC Certificate Number: (For Depository Institutions)	26610
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	N/A
Date Funded (first funding):	November 21, 2008	City:	Los Angeles
Date Repaid <sup>1</sup> :	N/A	State:	California

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

The CPP capital allowed the Bank to avoid curtailing lending to small and medium businesses, located primarily in Southern California.

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☒ To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

The Bank's lending during 2010 was focused on SBA and commercial loans, and trade finance.

☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

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☐ Increase reserves for non-performing assets.

☒ Reduce borrowings.

The Bank increased FHLB borrowings from \$146.8MM to \$167.2MM mainly as a result of the Innovative bank FDIC-assisted transaction. However, brokered deposits were significantly decreased by \$160MM to \$101.2MM during 2010.

☐ Increase charge-offs.

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☒ **Purchase another financial institution or purchase assets from another financial institution.**

The Bank assumed the banking operations of former Innovative Bank from the FDIC under a purchase and assumption agreement with 80:20 loss sharing on 4/16/2010.

☐ **Held as non-leveraged increase to total capital.**

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

N/A

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

N/A

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**Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.**

During 2009, we purchased \$768 million in investment securities, which were partially funded by the capital infusion of CPP funds. Subsequently during 2010, our investment portfolio decreased by \$254 million through investment sales and principal pay-downs. Although it would be difficult to breakdown the decrease in our investment portfolio by original sources, it would be appropriate to assume that some of securities purchased, using the CPP funds in 2009, were included in the decrease during 2010. The proceeds from investment securities retired during 2010 were used to pay off some of higher costing non-core liabilities.